

Message Text

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PAGE 01 BONN 09055 261719Z
ACTION SS-25

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FM AMEMBASSY BONN
TO SECSTATE WASHDC PRIORITY 8599
INFO USMISSION USBERLIN
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C O N F I D E N T I A L BONN 09055

EXDIS

E.O. 11652: GDS
TAGS: EAIR, PFOR, GW, UK, FR, US
SUBJECT: CIVAIR: BERLIN FARE INCREASE PROPOSAL

REF: A. STATE 106519 B. STATE 116881 C. USBERLIN 1370
D. BONN 8581 E. BONN 8538 (EXDIS) F. BONN 5544 (EXDIS)

1. EMBASSY LACKS EXPERTISE TO MAKE AUTHORITATIVE ANALYSIS OF PAN AM FARE INCREASE JUSTIFICATION. WE JUDGE, HOWEVER, THAT POINTS MOST LIKELY TO RAISE PROBLEMS IN BCATAG CONSIDERATION OF THE PROPOSAL ARE THOSE RAISED REF A; THAT IS, THE CHANGE IN INVESTMENT BASE, THE DISCREPANCY IN LOAD FACTOR BETWEEN BERLIN AERONAUTIC UNIT (BAU) FIGURES AND PAN AM'S, AND JUSTIFICATION FOR DIFFERENTIAL IN INCREASES BASED ON ACTUAL MILES FLOWN BETWEEN AIRPORTS AS OPPOSED TO GREAT CIRCLE DIFFERENCE. INVESTMENT QUESTION DISCUSSED REF E.

2. INDICATION FROM DIFFERING LOAD FACTOR FIGURES THAT ABOUT TWO PERCENT OF AVAILABLE CAPACITY IS GIVEN TO NON-REVENUE PASSENGERS STRIKES US AS IMPROBABLY HIGH.
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WE HAVE ASKED BAU TO CHECK THIS OUT, BUT IT MIGHT NOT BE POSSIBLE TO DO SO.

3. SINCE ACTUAL ROUTES FLOWN BY AIRLINERS OVERLAND ARE NORMALLY ON AIRWAYS WHICH ARE NOT GREAT CIRCLE, WE MIGHT GET SOME ARGUMENT FROM FEDERAL MINISTRY OF TRANSPORTATION (FMT) EXPERTS ON THIS ONE. WE DO NOT

CONSIDER IT A MAJOR MATTER, HOWEVER, AND ASSUME IT CAN BE NEGOTIATED.

4. WE AQREE WITH USBER (REF C) THAT WE SHOULD AVOID SITUATION WHERE GERMAN SIDE GAINS STEADILY MORE INFLUENCE OVER BERLIN AVIATION WITHOUT CONSCIOUS DECISION BY ALLIES TO ENLARGE GERMAN ROLE. IT MAY BE DESIRABLE TO HAVE LARGER GERMAN VOICE IN NEAR OR DISTANT FUTURE BUT THIS SHOULD BE THE RESULT OF A CONSIDERED POLICY DECISION BY THE ALLIES.

5. HOWEVER, WE DO NOT SEE AGREEING TO AN EARLIER CONSIDERATION OF THE FARE INCREASE PROPOSAL AS A SIGNIFICANT INCREASE IN GERMAN AUTHORITY. IN ESTABLISHING BCATAG THE ALLIES COMMITTED THEMSELVES TO SEEKING GERMAN ADVICE ON AVIATION MATTERS. IT IS CONSISTENT AND REASONABLE TO HEAR SUCH ADVICE EARLY ENOUGH IN A FARE INCREASE EXERCISE TO REASSURE THE GERMAN SIDE THAT ITS VIEWS ARE MADE AVAILABLE TO THE ALLIED GOVERNMENTS BEFORE A FINAL DECISION HAS BEEN MADE BY THOSE GOVERNMENTS.

6. REGARDING THE SECOND POINT IN PARA TWO REF C, WE HAVE NO INTENTION OF PRESENTING BCATAG OTHER THAN COMBINED FIGURES FOR PAN AM AND BA SO THERE SHOULD BE NO QUESTION OF THE GERMAN SIDE BEING EXPOSED TO THE DISPARITY OF PAN AM AND BA PROFITABILITY. ONLY IF THE BRITISH REFUSE IN THE FUTURE TO HONOR THEIR COMMITMENT TO SUPPLY PERFORMANCE FIGURES, (AS THEY TRIED TO CONFIDENTIAL

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DO THIS YEAR) WOULD WE RECOMMEND CONSIDERING SUPPLYING ONLY PAN AM FIGURES TO THE BCATAG. TAGESPIEGEL ARTICLE IS WRONG, OF COURSE, IN SAYING THAT BONN GROUP WILL REVIEW THE APPLICATIONS OF THE AIRLINES. CAA'S WILL PREPARE A REPORT ON THE PROPOSAL, NOT AN APPLICATION, TO BCATAG. THE AIRLINES' APPLICATIONS WILL NOT BE SHOWN TO THE GERMAN REPRESENTATIVES.

7. NOT ONLY DID BRITISH DREAM UP BCATAG (REF C), THEY ALSO PROPOSED SUBMISSION OF PERFORMANCE FIGURES TO BCATAG (REF F) AND HAVE PROPOSED A REVIEW OF IGS FINANCING, ESPECIALLY SUBSIDIES IN THE CAA FORUM AND THE BONN GROUP (REF F) THAT WOULD PROBABLY LEAD TO CONSIDERABLY MORE GERMAN INFLUENCE ON THE IGS, WHILE SHOWING SUBSEQUENTLY THAT THEY LACK THE WILL OR POWER TO MAKE BA LIVE UP TO EXISTING COMMITMENTS. STOESEL

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